

Article - Insurance

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§19–212.

(a) (1) In this section the following words have the meanings indicated.

(2) (i) “Material reduction” means during a 1–year period a reduction of homeowner’s insurance policies in force for an insurer on a statewide basis by 3% or more due to cancellations or nonrenewals solely because the subject of the risk or the insured’s address is located in a certain geographic area of the State.

(ii) “Material reduction” does not include a homeowner’s insurance policy:

1. cancelled, nonrenewed, or otherwise terminated by an insured; or

2. cancelled or nonrenewed by an insurer pursuant to reasons other than a material reduction plan.

(3) (i) “Minimizes market disruption” means actions to be taken by an insurer that intends to engage in a plan of material reduction of its volume of policies to provide for the orderly reduction in homeowner’s insurance coverage.

(ii) “Minimizes market disruption” includes:

1. efforts by the insurer to maintain a service force in affected areas during the period of material reduction;

2. efforts to inform insureds of options available for replacement of coverage with authorized insurers; and

3. any actions serving to minimize market disruption.

(b) (1) At least 60 days in advance of implementing a plan of material reduction, an insurer shall file with the Commissioner a plan for orderly reduction.

(2) The plan shall:

(i) describe the insurer’s contemplated actions;

- (ii) set forth the reasons for the actions;
- (iii) describe the measures the insurer intends to take in order to minimize market disruption; and
- (iv) provide any other information required by the Commissioner.

(c) (1) Except as provided in this section, a filing under this section may not take effect until 60 days after it is filed with the Commissioner.

(2) During the initial 60-day waiting period, the Commissioner may extend the waiting period for an additional period, not to exceed 60 days, by written notice to the insurer that the Commissioner needs additional time for consideration of the filing.

(3) A filing is deemed approved unless disapproved by the Commissioner during the waiting period or any extension of the waiting period.

(d) If the Commissioner finds that compliance with subsection (b) of this section would result in impairment of the insurer or a significant financial loss to the insurer, the Commissioner may allow an insurer to implement its plan of material reduction within 60 days after the filing of the plan.

(e) The Commissioner shall approve the plan of material reduction if the insurer demonstrates that the material reduction is accomplished in a manner that minimizes market disruption in the areas of material reduction.

(f) In reviewing a plan of material reduction, the Commissioner shall assess the impact of the plan of material reduction in:

- (1) each county of the State; and
- (2) areas within 1 mile of any saltwater shoreline or any shoreline directly adjacent to the Chesapeake Bay.

(g) (1) If the Commissioner disapproves the plan of material reduction, the Commissioner shall state:

- (i) the points of objection with the plan; and
- (ii) any amendments to the plan that the Commissioner may require, consistent with this section, including amendments designed to accomplish the plan of material reduction in a manner that minimizes market disruption.

(2) The insurer shall file an amended plan within 15 days after the date of return of the disapproved plan.

(3) Any intended withdrawal in accordance with a plan of material reduction that is disapproved is prohibited until the original or an amended plan of material reduction is approved by the Commissioner.

(h) The Commissioner may adopt regulations to implement the provisions of this section.

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